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ILLINOIS
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ILLINOIS BELL TELEPHONE COMPANY)
d/b/a Ameritech Illinois)
)
Petition under Sections 7-102(c))
and 7-102(i) of the Public)
Utilities Act for approval, without)
hearing, of the exchange and)
related lease of real estate)

00-0126

PETITION AND REQUEST FOR RULING WITHOUT HEARING

Pursuant to Section 7-102(c) of the Public Utilities Act (the "Act"), Illinois Bell Telephone Company ("Ameritech Illinois") respectfully petitions the Illinois Commerce Commission (the "Commission") for approval of the sale of real estate which is described further below and in the attached Testimony of David M. Swanson. In addition, pursuant to Section 7-102(i) of the Act, Ameritech Illinois requests that the transaction be approved without a hearing.

1. In this petition, Ameritech Illinois seeks the Commission's approval of the sale of certain real estate located at 1550 West 88th Street, Chicago, Illinois. The real estate in question formerly served as accounting and administrative offices and associated parking. The land and proposed transaction are described in more detail by the attached Testimony of David M. Swanson and Schedules A through E to that testimony, all of which are incorporated herein by reference. The agreement reflecting the proposed transaction (the "Agreement") is attached as Schedule A to that testimony.

2. As described in the Testimony of David M. Swanson, the proposed transaction will have a very small impact on Ameritech Illinois' rate base. The effect is shown in Schedule D to that testimony.

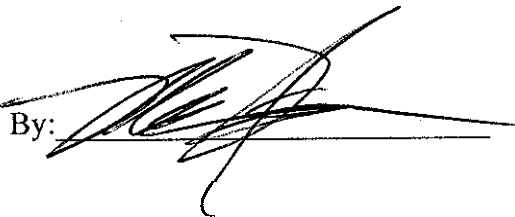
3. Section 7-102(i) of the Act directs the Commission to conduct a hearing "if it deems necessary. . . " 220 ILCS 5/7-102(i). That Section provides:

Upon the filing of [a petition for the approval of a transaction], the Commission shall, if it deems necessary, fix a time and place for the hearing thereon. After such hearing, or in case no hearing is required, if the Commission is satisfied that such petition should reasonably be granted, and the public will be inconvenienced thereby, the Commission shall make such order in the premises as it may deem proper and as the circumstances may require . . .

4. There is no reason for a hearing on this petition. The sale of the real estate in question will have no impact on its use in providing telecommunications services. The effect on Ameritech Illinois' rate base is minimal. Therefore, the "public will be inconvenienced" by the approval of this Petition without a hearing. Id.

Therefore, Ameritech Illinois requests that the Agreement attached as Schedule A to the Testimony of David M. Swanson be approved without a hearing.

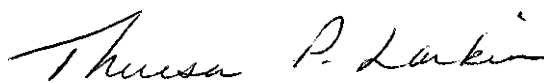
Respectfully submitted,

By: 


MARK A. KERBER
MARY BETH JORGENSEN
Attorneys for Illinois Bell Telephone Company
225 West Randolph Street • HQ 27C
Chicago, Illinois 60606
(312) 727-7140

VERIFICATION

I, Terry Larkin, state that I am Vice President-Regulatory Affairs, and have reviewed the foregoing Petition And Request For Ruling Without Hearing and that it is true to the best of my knowledge, information and belief.


Terry Larkin

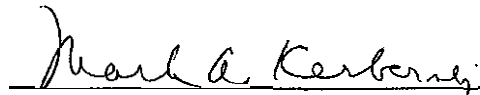
Subscribed and sworn to
before me this 31st day
of January, 2000.


Notary Seal



CERTIFICATE OF SERVICE

I, Mark A. Kerber, an attorney, certify that a copy of Ameritech Illinois' Petition and Request for Ruling Without Hearing was filed with the Chief's Clerk Office of the Illinois Commerce Commission via U.S. Mail on January 31, 2000.



Mark A. Kerber

TESTIMONY OF DAVID M. SWANSON
ON BEHALF OF AMERITECH ILLINOIS

QUALIFICATIONS

Q. Please state your name and business address.

A. David M. Swanson, 912 Country Club Drive, LaGrange, Illinois 60525

Q. What is your position?

A. I provide real estate asset and transaction management services under contract to Ameritech and Ameritech Illinois.

Q. What is your business experience?

A. I was a real estate manager for Illinois Bell Telephone Company, now d/b/a Ameritech Illinois, for 23 years. I handled purchases, zoning, sales, leases and administrative functions related to the Company's real estate operations. Since July of 1994, I have been providing services on a contract basis, as D.M. Swan Enterprises, Inc. I am also a licensed real estate broker in the State of Illinois.

PURPOSE

Q. What is the purpose of your testimony?

A. The purpose of my testimony is to describe the circumstances of the proposed real estate sale of a vacant office building and associated parking lots and demonstrate that the transaction is in the public interest.

REASON FOR FILING

Q. Please explain why Ameritech Illinois made this filing.

A. An Agreement of Purchase and Sale, dated December 1, 1999, a copy of which is attached as Schedule A, has been entered into between Ameritech Illinois and the Economic Development Center, an Illinois non-profit corporation, subject to the approval of this Commission, for the sale of certain real estate, which was used by Ameritech Illinois for accounting and administrative offices together with the associated parking. This property is located at 1550 West 88th Street, Chicago, Illinois. The total proceeds are \$1,250,000.00, which is composed of a sales price of \$882,082.94 plus interest.

Q. Do you feel that this transaction is in the best interest of the public?

A. Yes. I have reviewed the operating expenses, marketing process, appraisal, contract, and other related materials and have come to the conclusion that Ameritech Illinois does not need this

facility for its operations and the associated operating / holding expenses should be eliminated as soon as possible.

DESCRIPTION OF REAL ESTATE

Q. Please describe the real estate which Ameritech Illinois seeks to sell.

A. A copy of the a plot plans including the legal description of the Ameritech Illinois property is attached to this testimony as Schedule B. The land area of page 1 is 40,371 sq. ft. or .927 acres and the land area of page 2 is 49,828 sq. ft. or 1.144 acres for a total of 90,199 sq. ft. or 2.071 acres (by survey). Page 1 shows a four-story building with full basement. The building is of brick and metal siding and contains 98,522 sq. ft. Per the appraisal, the building is in average condition with some deferred maintenance. The property was purchased in 1955 and the building construction was completed in 1956. Additional land was purchased in 1966, 1968 and 1969 for additional parking.

HISTORY OF THE AGREEMENT

Q. Please explain the circumstances and marketing of the sale.

A. The facility became completely vacant in May of 1998, and was placed on the market through Ameritech Illinois' alliance partner Equis, a major Chicago national real estate firm which handles real estate transactions for Ameritech, and Chicago based Ebony Real Estate. As it was determined that there is currently no demand for office space in the area, the property was primarily marketed to religious groups, non-profit organizations and community groups. These types of organizations would be the most likely to have an interest in redeveloping the building. Upon receiving proposals from a variety of these groups, the Economic Development Center was selected as the best proposal because that group has the financial and historic ability to successfully complete the renovations and the transaction. An outright sale would be the most desirous scenario; however, even with this group, in order to make the economics of a mortgage and construction loan work, Ameritech Illinois will take a second mortgage on the property. At present, the purchaser is leasing the premises under a three month renewable lease agreement, as shown in Schedule A, Exhibit D.

Q. What is the current Ameritech Illinois investment in these facilities?

A. As of November 30, 1999, the 2006 20C (Nonoperating Plant, Land) investment is \$283,256.76. The 2006 10C (Nonoperating Plant, Buildings) net investment is zero because the building is considered to be fully depreciated.

CURRENT VALUE OF REAL ESTATE

Q. Do you have a current real estate appraisal on this property?

A. Yes, Adams Valuation Corporation, Real Estate Appraiser of Oak Brook, Illinois, on June 22, 1999, certified a market value of \$990,000.00, a copy of which is attached as Schedule C.

ACCOUNTING TREATMENT OF REAL ESTATE

Q. Will the sale of this real estate impact Ameritech Illinois' rate base?

A. No. This property was removed from the rate base after it was no longer used to provide service in 1998. An estimated journal entry for this transaction is attached as Schedule D. The mortgage payments over a nine-year period are shown as Schedule E.

Q. What will be the total proceeds?

A. The total proceeds will be \$1,250,000.00. The purchase price is \$882,082.94, of which \$125,000.00 will be a down payment. The remainder will be paid over a nine-year period as shown on Schedule E, with interest at 8.75%.

Q. Will Ameritech Illinois realize a gain or loss on this transaction?

A. Ameritech Illinois will realize an estimated net gain of \$574,526.18. This gain will be recognized in the determination of net income, since the property had been used in the provision of regulated telecommunications and included in rate base during its entire useful life. In addition, the Company will record interest income during the nine years of mortgage payments.

Q. Does this conclude your testimony?

A. Yes, it does.

SCHEDULES

- A. Agreement of Purchase and Sale dated December 1, 1999
- B. Legal Descriptions and plot plans of sale property
- C. Appraisal dated June 22, 1999
- D. Proposed Ameritech Illinois' "Journal Entries"
- E. Mortgage Payment Schedule